

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT

A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY

GENERAL PURPOSE FINANCIAL STATEMENTS

From Inception (June 17, 2002) to December 31, 2002
With Supplemental Information Schedules

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Mires & Company
A Professional Corporation

Certified Public Accountants

Members:
American Institute of Certified Public Accountants
Society of Louisiana Certified Public Accountants
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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Allen Parish Mosquito Abatement District
Oberlin, Louisiana

We have audited the accompanying general purpose financial statements of Allen Parish Mosquito Abatement District, a component unit of the Allen Parish Police Jury, as of and from inception (June 17, 2002) to December 31, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of Allen Parish Mosquito Abatement District, management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Allen Parish Mosquito Abatement District, as of December 31, 2002, and the results of its operations for the initial period then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2003, on our consideration of Allen Parish Mosquito Abatement District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental information schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of Allen Parish Mosquito Abatement District. Such information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the general purpose financial statements; and, in our opinion, the information is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Mires & Company, CPAs, APC

Mires and Company, CPAs, APC
June 23, 2003

GENERAL PURPOSE FINANCIAL STATEMENTS

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY
Oberlin, Louisiana
ALL FUND TYPES AND ACCOUNT GROUPS
Balance Sheet, December 31, 2002

	<u>GOVERNMENTAL FUNDS</u>	<u>ACCOUNT GROUPS</u>		<u>TOTAL</u>
	<u>GENERAL</u>	<u>GENERAL</u>	<u>GENERAL</u>	<u>(MEMORANDUM</u>
	<u>FUND</u>	<u>FIXED</u>	<u>LONG-TERM</u>	<u>ONLY)</u>
		<u>ASSETS</u>	<u>OBLIGATIONS</u>	
ASSETS AND OTHER DEBITS				
Assets:				
Cash	\$ 12,153	\$ -	\$ -	\$ 12,153
Ad valorem tax receivable	483,235	-	-	483,235
Receivable - APPJ	400,000	-	-	400,000
Other assets	943	-	-	943
Land, building, & equipment	-	67,081	-	67,081
Other Debits:				
Amount to be provided for retirement of general long-term obligations ...	<u>-</u>	<u>-</u>	<u>400,000</u>	<u>400,000</u>
TOTAL ASSETS AND OTHER DEBITS	<u><u>\$ 896,331</u></u>	<u><u>\$ 67,081</u></u>	<u><u>\$ 400,000</u></u>	<u><u>\$ 1,363,412</u></u>
LIABILITIES, EQUITY, AND OTHER CREDITS				
Liabilities:				
Accounts payable	\$ 17,539	\$ -	\$ -	\$ 17,539
Payable to APPJ	<u>136,696</u>	<u>-</u>	<u>400,000</u>	<u>536,696</u>
Total Liabilities	<u>154,235</u>	<u>-</u>	<u>400,000</u>	<u>554,235</u>
Equity & Other Credits:				
Investment in general fixed assets	-	67,081	-	67,081
Fund balances:				
Unreserved - undesignated	<u>742,096</u>	<u>-</u>	<u>-</u>	<u>742,096</u>
Total Equity and Other Credits	<u>742,096</u>	<u>67,081</u>	<u>-</u>	<u>809,177</u>
TOTAL LIABILITIES, EQUITY, AND OTHER CREDITS	<u><u>\$ 896,331</u></u>	<u><u>\$ 67,081</u></u>	<u><u>\$ 400,000</u></u>	<u><u>\$ 1,363,412</u></u>

See accompanying notes and accountants' report.

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY
Oberlin, Louisiana
GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures, and Changes in Fund Balances
From Inception (June 17, 2002) to December 31, 2002

	<u>GENERAL FUND</u>
REVENUES	
Ad valorem taxes	\$ 495,266
Interest	989
Intergovernmental revenues:	
Other	<u>2,273</u>
Total Revenues	<u>498,528</u>
EXPENDITURES	
Advertising	1,241
Bank charges	94
Chemicals	43,951
Dues	30
Flying services	9,176
Gas & oil	921
Insurance	277
Licenses	86
Office supplies	468
Payroll taxes	1,975
Pension expense	16,075
Radio expense	84
Repairs & maintenance	1,007
Supplies	1,118
Training	36
Travel	106
Wages	12,706
Capital outlay	<u>67,081</u>
Total Expenditures	<u>156,432</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>342,096</u>
OTHER FINANCING SOURCES (USES)	
Proceeds from bond issues	<u>400,000</u>
Total Other Financing Sources (Uses)	<u>400,000</u>
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	742,096
FUND BALANCE AT BEGINNING OF YEAR	<u>-</u>
FUND BALANCE AT END OF YEAR	<u><u>\$ 742,096</u></u>

See accompanying notes and accountants' report.

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY

Oberlin, Louisiana

Notes to the Financial Statements

From Inception (June 17, 2002) to December 31, 2002

INTRODUCTION

Allen Parish Mosquito Abatement District was created on June 17, 2002 under the provisions of Louisiana Revised Statute 33:7721 et. Seq., for the purpose of abatement control, eradication, and study of mosquitoes and other arthropods of public health importance and all activities incidental thereto for the people of Allen Parish. The District is governed by a board of commissioners composed of five members, noncompensated and appointed by the Allen Parish Police Jury. The District has one full time employee and several seasonal, part-time employees.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying general purpose financial statements of the Allen Parish Mosquito Abatement District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. REPORTING ENTITY

The District is a component unit of the Allen Parish Police Jury, the financial reporting entity. The police jury is financially accountable for the District because it appoints a voting majority of the board and has the ability to impose its will on them.

The accompanying financial statements present information only on the funds maintained by the District and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

C. FUND ACCOUNTING

The District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY
Oberlin, Louisiana
Notes to the Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Funds of the District are classified as governmental funds. Governmental funds account for the District's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. Governmental funds of the District include:

1. General Fund--the general operating fund of the District and accounts for all financial resources, except those required to be accounted for in other funds.

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by the governmental funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due.

Those revenues susceptible to accrual are property taxes and interest revenue.

Other Financing Sources (Uses)

Proceeds from bonds and bank loans are accounted for as other financing sources (uses) and are recognized when the underlying events occur.

E. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY
Oberlin, Louisiana
Notes to the Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

F. INVESTMENTS

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the District's investment policy. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

G. FIXED ASSETS

Fixed assets are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. Public domain or infrastructures are not capitalized. Interest costs incurred during construction are capitalized. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost.

H. LONG-TERM OBLIGATIONS

Long-term obligations expected to be financed from governmental funds are reported in the general long-term obligations account group. Expenditures for principal and interest payments for long-term obligations are recognized in the governmental funds when due.

I. FUND EQUITY

Reserves

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use.

J. TOTAL COLUMNS ON STATEMENTS

Total columns on the statements are captioned *Memorandum Only* to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY
Oberlin, Louisiana
Notes to the Financial Statements

NOTE 2 - LEVIED TAXES

For the year ended December 31, 2002 taxes of 8.00 mills were levied on property with assessed valuations totaling \$62,406,200, and were dedicated as follows:

Maintenance 8.00 mills

Total taxes levied were \$499,250.

Property tax millage rates are adopted in July for the calendar year in which the taxes are levied and recorded. All taxes are due and collectible when the assessment rolls are filed on or before November 15th of the current year, and become delinquent after December 31st. Property taxes not paid by the end of February are subject to lien.

NOTE 3 - CASH AND CASH EQUIVALENTS

At December 31, 2002, the District has cash and cash equivalents (book balances) totaling \$12,153 as follows:

Demand deposits	\$ -
Interest-bearing demand deposits	12,153
Time deposits	-
Other	-
Total	<u>\$ 12,153</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. At December 31, 2002, the District has \$12,153 in deposits (collected bank balances). These deposits are secured from risk by \$12,153 of federal deposit insurance.

NOTE 4 - CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance 06/17/2002	(Deductions) Additions	Balance 12/31/2002
Vehicles	\$ -	\$ 45,306	\$ 45,306
Equipment	-	21,775	21,775
TOTAL	<u>\$ -</u>	<u>\$ 67,081</u>	<u>\$ 67,081</u>

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY
Oberlin, Louisiana
Notes to the Financial Statements

NOTE 5 - CHANGES IN GENERAL LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions during the year:

	<u>Bonded Debt</u>
Long-term obligations payable at 06/17/2002	\$ -
Additions	400,000
Deductions	<u>-</u>
Long-term obligations payable at 12/31/2002	<u>\$ 400,000</u>

Certificates of indebtedness are comprised of the following individual issue:

\$400,000 Certificate of Indebtedness, Series 2002-C, Parish of Allen, State of Louisiana dated 12/01/2002; due in annual installments of \$43,125 - \$51,094 through March 1, 2012; interest at 3.75%. (Issued in name of Parish of Allen, State of Louisiana. District will transfer funds to Police Jury prior to each scheduled payment. This issue secured by levy and collection of ad valorem taxes)	<u>\$ 400,000</u>
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The annual requirements to amortize all certificates outstanding at December 31, 2002, including interest of \$77,250, are as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2003	\$ 45,594
2004	43,125
2005	46,906
2006	45,594
2007	49,188
2008-2013	<u>246,843</u>
Total	<u>\$ 477,250</u>

NOTE 6 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY
Oberlin, Louisiana
Notes to the Financial Statements

NOTE 6 - RISK MANAGEMENT

commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage for the year.

NOTE 7 - GASB STATEMENT No. 34

The District is not required to implement GASB No. 34 until the period of January 1, 2004 to December 31, 2004.

SUPPLEMENTAL INFORMATION SCHEDULES

ALLEN PARISH MOSQUITO ABATEMENT DISTRICT
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY
Oberlin, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULE

Schedule of Findings
From Inception (June 17, 2002) to December 31, 2002

We have audited the financial statements of Allen Parish Mosquito Abatement District as of and from inception (June 17, 2002) to December 31, 2002, and have issued our report thereon dated June 23, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2002 resulted in an unqualified opinion.

Section I Summary of Auditor's Reports

A. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control:

Material Weaknesses	<u>X</u>	Yes	<u> </u>	No
Reportable Conditions	<u>X</u>	Yes	<u> </u>	No

Compliance:

Compliance Material to Financial Statements	<u>X</u>	Yes	<u> </u>	No
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Section II Financial Statement Findings

2002-1 I/C (Material weakness)

Segregation of duties: Because of the lack of a large staff, more specifically accounting personnel, there is a problem with segregation of duties necessary for proper controls. We do note that this situation is inherent to most entities of this type and is difficult to solve due to the funding limitations of the District. We recommend that the Board of Commissioners take an active interest in the review of all of the financial information.

2002-2 I/C (Material weakness) Budget preparation:
2002-1 C

Criteria: La. Rev. Stat. §39:1304 - Budget preparation states that each political subdivision shall cause to be prepared a comprehensive budget presenting a complete financial plan for the ensuing fiscal year for the general fund and each special revenue fund.

Condition: The District did not adopt a budget for the year ended December 31, 2002.

**ALLEN PARISH MOSQUITO ABATEMENT DISTRICT
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY
Oberlin, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULE**

**Schedule of Findings
From Inception (June 17, 2002) to December 31, 2002**

Effect: Violation of La. Rev. Stat. §39:1304 - Budget preparation.

Cause: Administrative oversight.

Recommendation: The District should adopt a budget for each year in the future.

**ALLEN PARISH MOSQUITO ABATEMENT DISTRICT
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY
Oberlin, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULE**

**Management's Corrective Action Plan for Current Year Audit Findings (Unaudited)
From Inception (June 17, 2002) to December 31, 2002**

2002-1 I/C Segregation of duties:

This is an ongoing finding that cannot be corrected due to lack of financial resources.

Contact person - Ike Fawcett, Jr., President

2002-2 I/C Budget preparation:
2002-1 C

Recommendation: The District should adopt a budget for each year in the future.

Planned action: The District has adopted a budget for 2003 and will continue to do so in the future.

Contact person - Ike Fawcett, Jr., President.

**ALLEN PARISH MOSQUITO ABATEMENT DISTRICT
A COMPONENT UNIT OF THE ALLEN PARISH POLICE JURY
Oberlin, Louisiana
SUPPLEMENTAL INFORMATION SCHEDULE**

**Management's Summary Schedule of Prior Audit Findings
From Inception (June 17, 2002) to December 31, 2002**

Not applicable, first year in existence.

INDEPENDENT AUDITOR'S REPORT SECTION



Maires & Company
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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Commissioners
Allen Parish Mosquito Abatement District
Oberlin, Louisiana

We have audited the general purpose financial statements of Allen Parish Mosquito Abatement District, as of and from inception (June 17, 2002) to December 31, 2002, and have issued our report thereon dated June 23, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Allen Parish Mosquito Abatement District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as item 2002-1 C.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Allen Parish Mosquito Abatement District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect Allen Parish Mosquito Abatement District's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. Reportable conditions are described in the accompanying schedule of findings as item 2002-1 I/C and 2002-2 I/C.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal

control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 2002-1 I/C and 2002-2 I/C to be material weaknesses.

This report is intended solely for the information and use of management, the Board of Commissioners, the police jury of the parish of Allen, State of Louisiana, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is to be distributed by the Legislative Auditor as a public document.

Mires and Company, CPAs, APC

Mires and Company, CPAs, APC

June 23, 2003